

Message Text

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PAGE 01 STATE 059725

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TO USMISSION OECD PARIS

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FOL TEL SENT ACTION AEMBASSY BONN FROM SECSTATE DTD 11 MAR 1976
QUOTE

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E.O. 11652: N/A

TAGS:EINV, OECD

SUBJECT: OECD INVESTMENT COMMITTEE: REQUEST OF CHAIRMAN,
MRS. STEEG

1. EMBASSY IS REQUESTED TO DELIVER FOLLOWING MESSAGE AND

DRAFT TEXTS FROM PAUL BOEKER (U.S. REPRESENTATIVE IN OECD
INVESTMENT COMMITTEE) TO ECONOMICS MINISTRY
ASSISTANT SECRETARY HELGA STEEG, CHAIRMAN OF THE OECD
INVESTMENT COMMITTEE, IN RESPONSE TO HER TELEPHONE REQUEST.

2. AS THE OECD INVESTMENT COMMITTEE ENTERS THE LAST STAGE
OF ITS EFFORTS TO REACH AGREEMENT ON A PACKAGE OF INVEST-
MENT MEASURES, IT IS IMPORTANT THAT THE COMMITTEE MAKE
MAXIMUM USE OF ITS REMAINING TIME BEFORE THE JUNE MINIS-
TERIAL. YOUR ROLE AS CHAIRMAN HAS BEEN CRUCIAL IN THE
SUCCESS ACHIEVED SO FAR. I HAVE SOME SUGGESTIONS ON
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PAGE 02 STATE 059725

PROCEDURE TO MAKE, ALTHOUGH I EXPECT THEY COINCIDE CLOSELY

WITH YOUR OWN. I ASSUME THAT THE COMMITTEE WILL MEET ONLY TWICE, IN MARCH AND APRIL, BEFORE IT HAS TO REPORT ITS RESULTS TO THE OECD COUNCIL. TO ASSURE A UNIFORM APPROACH TO REMAINING DRAFTING WORK, I BELIEVE IT WOULD BE DESIRABLE FOR ALL REMAINING WORK TO TAKE PLACE UNDER THE COMMITTEE'S IMMEDIATE DIRECTION, RATHER THAN THE AD HOC

DRAFTING GROUP. IT MAY, HOWEVER, BE NECESSARY AND DESIRABLE FOR A COMMITTEE OF THE WHOLE TO MEET FOR DRAFTING WORK ONLY ON THE DAY IMMEDIATELY FOLLOWING THE MARCH 18 AND 19 SESSION AND PERHAPS FOR SMALLER DRAFTING GROUPS TO MEET DURING THE COMMITTEE'S FINAL, APRIL SESSION. DEPENDING ON THE OUTCOME OF THE MARCH MEETING, THE APRIL SESSION MAY HAVE TO BE LONGER THAN THE USUAL TWO DAYS.

3. I BELIEVE THAT THIS PROCEDURE IS THE BEST ONE TO PROVIDE MAXIMUM DISCIPLINE WITH REGARD TO THE NEED TO CONCENTRATE ON RESOLVING THE MAJOR 3 OR 4 ISSUES REMAINING AND TO AVOID THE INJECTION OF A NUMBER OF NEW ISSUES WHICH WE DO NOT HAVE TIME TO DEAL WITH ADEQUATELY BEFORE OUR REPORT TO THE OECD COUNCIL.

4. YOU ASKED FOR MY IDEAS REGARDING A CHAPEAU DECLARATION FOR THE THREE INVESTMENT INSTRUMENTS. I THINK SUCH A CHAPEAU MUST BE SHORT AND NOT CONTAIN NEW POLITICAL PRINCIPLES OR SUBSTANCE BEYOND THAT ALREADY CONTAINED IN THE THREE DRAFT INSTRUMENTS. I THINK THE FOLLOWING DRAFT TEXT WHICH WE TABLED IN THE DRAFTING GROUP MEETS THESE REQUIREMENTS.

5. BEGIN DRAFT TEXT: THE GOVERNMENTS OF OECD MEMBERS: DECLARE: 1. THAT INTERNATIONAL INVESTMENT BY MULTINATIONAL ENTERPRISES HAS ASSUMED INCREASED IMPORTANCE IN THE WORLD ECONOMY AS WELL AS IN THE DEVELOPMENT OF THEIR COUNTRIES, CONTRIBUTING TO THEIR ECONOMIC DEVELOPMENT BY PROMOTING THE EFFICIENT USE OF THEIR RESOURCES;

(2) THAT MEMBER GOVERNMENTS CAN - IN CONFORMITY WITH THE LIMITED OFFICIAL USE

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PAGE 03 STATE 059725

OECD CONVENTION, AND IN PARTICULAR ARTICLE 2 THEREOF - BEST FURTHER THIS INVESTMENT PROCESS BY (A) ENDEAVORING JOINTLY TO MINIMIZE AND RESOLVE CONCERNS AND DIFFICULTIES RELATED TO INTERNATIONAL INVESTMENT WHICH MAY ARISE, (B) BY ENSURING EQUITABLE AND NON-DISCRIMINATORY TREATMENT FOR MNEs AND (C) BY ENSURING THAT, IN SEEKING THE BENEFITS OF FOREIGN INVESTMENT, MEMBER GOVERNMENTS KEEP IN MIND THE INTERESTS OF OTHER MEMBER GOVERNMENTS.

(3) THAT, WHILE JOINT ENDEAVORS MIGHT ULTIMATELY LEAD TO THE HARMONIZATION OF NATIONAL LEGISLATION AND/OR INTERNATIONAL AGREEMENTS, AT THIS STAGE MEMBER GOVERNMENTS HAVE CHOSEN TO INTENSIFY THEIR COOPERATION AND CONSULTATION ON ISSUES RELATING TO INTERNATIONAL INVESTMENT AND MNEs THROUGH THE FOLLOWING THREE INTER-RELATED INSTRUMENTS ANNEXED TO THIS DECLARATION, EACH OF WHICH DEAL WITH A

DIFFERENT ASPECT OF THE MATTER AND TOGETHER CONSTITUTE A FRAMEWORK WITH WHICH THE OECD WILL CONSIDER ISSUES RELATED TO FOREIGN INVESTMENT:

ANNEX I; GUIDELINES FOR MULTINATIONAL ENTERPRISES WHICH PRESENT, IN THE INTRODUCTION, THE GENERAL ORIENTATION OF MEMBER COUNTRIES TOWARD MULTINATIONAL ENTERPRISES, INCLUDING GOVERNMENTS' MOST BASIC RESPONSIBILITIES TO THESE ENTERPRISES, AND ESTABLISH STANDARDS WHICH SHOULD GUIDE THEIR BUSINESS CONDUCT;

ANNEX II: A DECLARATION AND DECISION ON NATIONAL TREATMENT IN WHICH MEMBER GOVERNMENTS ENDORSE THE PRINCIPLE THAT THEY WILL EXTEND TO ENTERPRISES OWNED OR CONTROLLED BY NATIONALS OF OTHER MEMBER COUNTRIES TREATMENT NO LESS FAVOURABLE THAN THAT ACCORDED TO DOMESTIC ENTERPRISES AND AGREE TO CONSULT ONE ANOTHER ON THE IMPLEMENTATION OF THIS PRINCIPLE;

ANNEX III; A DECLARATION AND DECISION ON OFFICIAL INCENTIVES AND DISINCENTIVES IN WHICH MEMBER COUNTRIES AGREE TO CONSULT ON MEASURES THAT ENCOURAGE OR DISCOURAGE INTERNATIONAL INVESTMENT FLOWS WITH THE AIM OF THEREBY MINIMISING POTENTIAL HARM TO THE INTERESTS OF OTHER LIMITED OFFICIAL USE

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PAGE 04 STATE 059725

MEMBER COUNTRIES.

AGREE HEREBY:

(1) TO RECOMMEND JOINTLY TO MULTINATIONAL ENTERPRISES OPERATING IN THEIR TERRITORIES THE OBSERVANCE OF THE GUIDELINES, ATTACHED AS ANNEX I TO THIS DECLARATION, IN THE LIGHT OF THE INTRODUCTORY STATEMENT PRECEDING THESE GUIDELINES;

(2) TO ADOPT THE INSTRUMENTS AS SET FORTH IN ANNEXES II AND III TO THIS DECLARATION;

(3) TO CONSULT ONE ANOTHER ON MATTERS RELATED TO THE INSTRUMENTS IN CONFORMITY WITH THE PROCEDURES LAID DOWN

IN THEM.

DECIDE:

TO CHARGE THE COMMITTEE ON INTERNATIONAL INVESTMENT AND
MULTINATIONAL ENTERPRISES (A) TO FULFILL THE TASK
PURSUANT TO THE PROCEDURES LAID DOWN IN ANNEX IV; AND
(NEW MANDATE)

END DRAFT TEXT.

6. OF COURSE, THE NEW SECRETARIAT TEXT, CONTAINED IN
IME(76)8, INCORPORATES MUCH OF THE U.S. DRAFT LANGUAGE AND
WE FIND IT GENERALLY ENCOURAGING. HOWEVER, WE DO PLAN
TO SEEK A FEW IMPROVEMENTS IN IT AT THE NEXT INVESTMENT
COMMITTEE MEETING. IN PARTICULAR, I THINK IT IS IMPORTANT
TO INCORPORATE IN THE CHAPEAU ITSELF A SECTION ALONG THE
LINES OF THAT CONTAINED IN THE "AGREE HEREBY" SECTION OF
THE U.S. TEXT AFFIRMING THAT, IN PROMULGATING THIS
DECLARATION, MEMBER GOVERNMENTS ARE AT ONCE JOINTLY
ADOPTING ANNEXES II AND III AND RECOMMENDING TO MNES
OBSERVANCE OF THE GUIDELINES. INGERSOLL UNQTE KISSINGER

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